

**State of Idaho
Water Pollution Control State Revolving Fund
Intended Use Plan**

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IDAHO REVOLVING FUND

INTENDED USE PLAN

April 18, 2007 BOARD APPROVED

I. Introduction

The State of Idaho, Department of Environmental Quality (DEQ) proposes to adopt the following Intended Use Plan (IUP) for the State fiscal year 2008 (July 1 through June 30) as required under Section 606c of the Clean Water Act.

The primary purpose of the IUP is to identify the proposed annual intended use of the funds available in Idaho's Water Pollution Control Loan Account. Projects on the Priority List, from which this IUP was derived, have been reviewed by the public in accordance with Idaho's Administrative Procedures Act (Idaho Code Title 67, Chapter 52) and approved by the State Board of Environmental Quality.

The IUP includes the following:

- lists of prospective loan projects including payment schedules for those most likely to qualify for a loan
- long-term and short-term goals
- assurances and specific proposals
- criteria and methods for distribution of funds
- attachments relevant to the above

Available funding for projects during the State fiscal year 2008 is estimated to be \$40,171,638 as documented in the worksheet on the following page. This methodology of estimating funding should continue to accelerate the pace of drawing down the cash balance of the fund by recognizing revenues out two years and obligating against those revenues. In the past revenues were only recognized for one year in advance.

Resources:

Cash on Hand 4/1/06 \$64,644,608

Est. EPA Capitalization Grant FFY2008 4,800,000

Est. State Match 1,000,000

Est. EPA Capitalization Grant FFY2007 4,800,000

Est. State Match 1,000,000

Loans Receivable:

SFY 2007 (3/1/07-6/30/07) 2,037,553

SFY 2008 6,575,335

SFY 2009 5,157,749

Interest on Cash

SFY 2007 (3/1/07-6/30/07) 1,293,056

SFY 2008 2,607,979

SFY 2009 1,771,484

Total Resources: \$95,687,764

Current Remaining Loan Obligations: (\$61,684,585)

(Loans in construction less disbursements)

Add back: 10 percent Project shrinkage 6,168,459

(Some projects will self-finance and
reduce disbursement requests from
the Clean Water State Revolving Fund (CWSRF))

Net Remaining Loan Obligations: (55,516,127)

NET RESOURCES AVAILABLE TO LOAN \$40,171,638

Key Assumptions:

Projects take 30 months to construct and close from date of loan signing. We will use the **Total Resources** amount for the next 27 months to facilitate a conservative cashflow analysis. New loan obligations cannot exceed **NET RESOURCES AVAILABLE TO LOAN**. Our next projection will be made on 7/1/07 or when loans signed from this projection forward exceed the **NET RESOURCES AVAILABLE TO LOAN** amount, whichever event comes first.

Loan Fees

To offset declining federal support for the administrative costs associated with operating the CWSRF loan program, a fee program has been instituted. For state fiscal years 2007 and 2008 the fee will be 1% of the unpaid balance of the loan, payable when the regular loan repayments are made. Interest rates on loans with fees decrease to match the fee charged, so the net effect on borrowers is zero. Fees are only being charged on new loans or on projects in-progress, for which a loan offer amendment is required (for purposes other than adding the fee). It is anticipated that once an adequate reserve has been established the fee may be reduced and the loan interest rate increased (again, the net effect on borrowers being zero).

For fiscal year 2007 the expected fee revenue is \$254,940 and for fiscal year 2008 the expected fee revenue is \$313,166. Fee revenues are not expected to be needed to fund CWSRF administrative costs for state fiscal year 2007; however, fee revenues will likely be used to fund some second half of FY 2008 CWSRF administrative costs.

II. List of Projects

Attachment I, List of Fundable Projects, contains the projects expected to be funded that were selected from the State fiscal year 2008 CWSRF project Priority List which is Attachment II. Projects are arranged on the list in priority order. Both project lists were widely disseminated for public comment (through major newspapers and via the internet).

The first use requirement of the Act [Section 602(b)(5)], relating to National Municipal Policy (NMP) does not apply in Idaho since all NMP needs have been met with separate funds in the form of state and federal grants and separate state loans in Federal fiscal year 1989.

III. Long-and Short-Term Goals

DEQ's long-term goals are to:

1. Protect public health and the waters of the state by offering financial assistance for the construction of wastewater treatment facilities.
2. Assist local communities as they strive to achieve and maintain statewide compliance with federal and state water quality standards.
3. Administer Idaho's Water Pollution Control Loan Account to ensure its financial integrity, viability and revolving nature in perpetuity.

DEQ's short-term goals are to:

1. Perform all necessary tasks to assure that all loan assistance requested from Federal fiscal year 2007 funding is provided for projects on the list in a timely manner.
2. Provide funding for the non-point source projects when they are identified in Attachment

- I. A major component of this goal will be an improved marketing effort directed at potential sponsors of non-point source projects.
3. Ensure clear tracking of fee revenue and develop clear rules, policies and procedures related to a maturing fee structure.
4. Consider Rules changes to accommodate amendments to the Clean Water Act.
5. Ensure project files include clear documentation to support: compliance with Executive Order 12898 on Environmental Justice; inclusion of financial assessments; environmental assessments; and, changes to amortization schedules.
6. Monitor matching contributions for EPA Special Appropriation Grants to ensure they are not drawn from initial capitalization funds.
7. Update the Operating Agreement with the Environmental Protection Agency.
8. Monitor the implementation of the new accounting software and develop enhanced reporting capabilities (which are now possible as a result of the new software's capability to interface with MicroSoft applications).
9. Monitor the results of the simplification of the accounting structure.

IV. **Information on the Activities to be Supported**

A. Allocation of funds

The primary type of assistance to be provided by the CWSRF is expected to be low interest loans for up to 100 percent of project costs. The rate of interest in the State fiscal year 2008 will be 3.00 percent for loans awarded directly by DEQ. Loans to the Idaho Soil Conservation Commission will be at 1.75 percent. All loans will be paid back over a period not to exceed 20 years. Principal and interest repayments must begin no later than one year after the initiation of operation date.

B. Administrative Costs of the CWSRF

DEQ plans to reserve not more than four percent of the capitalization grant for administrative expenses.

C. Loan Eligible Activities

CWSRF loans will provide for planning, design and construction of secondary, advanced secondary, interceptors and appurtenances for infiltration/inflow correction, collector sewers and rehabilitation. CWSRF loan assistance will be provided to local communities, counties, sewer districts, and non-profit sewer associations for the construction of publicly owned wastewater treatment facilities. Loans may also be provided to sponsors of non-point source projects to implement water pollution control projects. Such projects must be consistent with the State Water Quality Management

Plan and demonstrate a nexus or benefit to a municipality.

V. **Assurances and Specific Proposals**

A. **Environmental Reviews - 602(a)**

DEQ certifies that it will conduct environmental reviews of each wastewater treatment project receiving assistance from the CWSRF. DEQ will follow EPA approved NEPA-like procedures in conjunction with environmental reviews.

These procedures are outlined in Section 58.01.12.042 of the state Rules for Administration of Water Pollution Control Loans. More detailed procedures are embodied in the Wastewater Facilities Loan Account Handbook of Procedures (Chapter 5).

B. **Binding Commitments - 602(b)(3)**

DEQ will enter into binding commitments for 120 percent of each quarterly payment within one year of receipt of that payment. Binding commitment dates are listed in Section VI of this plan.

C. **Expeditious and Timely Expenditures - 602(b)(4)**

DEQ will endeavor to expend all funds in the CWSRF in a timely and expeditious manner.

D. **First Use Enforceable Requirements - 602(b)(5)**

DEQ certifies that all major and minor Waste Water Treatment Facilities that the state has previously identified as part of the National Municipal Policy Universe are:

- (a) in compliance, or
- (b) on an enforceable schedule, or
- (c) have an enforcement action filed, or
- (d) have a funding commitment during or prior to the first year covered by an IUP.

E. **Compliance with Title II Requirements - 602(b)(6)**

DEQ has met the specific statutory requirements for publicly-owned wastewater treatment projects constructed in whole or in part before the State fiscal year 1995 with funds directly made available by federal capitalization grants. Therefore, DEQ no longer plans to use its federal capitalization grant and state match on "equivalency projects." These projects meet the sixteen specific statutory requirements provided by Section 602(b)(6) of the Clean Water Act as amended by the Water Quality Act of 1987, Public Law 100-4 and are eligible under 201(b), 201(g)(1) and (2), 201(N) and 211.

However, DEQ agrees to comply with and to require recipients of loans from Idaho's Water Pollution Control Loan Account to comply with applicable federal cross-cutting requirements. DEQ will notify EPA when consultation or coordination by EPA is necessary to resolve issues regarding these requirements.

- F. State Matching Funds - 602(b)(2)
DEQ agrees to deposit into the CWSRF from state monies an amount equal to twenty percent of the capitalization grant on or before the date on which the state receives each cash draw from EPA. These funds will be transferred from Idaho's Water Pollution Control Account.
- G. State Laws and Procedures - 602(b)(7)
DEQ agrees to expend each quarterly grant payment in accordance with state laws and procedures.
- H. Consistency with Planning
DEQ agrees that it will not provide assistance to any wastewater treatment project unless that project is consistent with plans developed under Section 205(j), 208, 303(e), 319, or 320.
- I. Reporting
DEQ agrees to provide data or information to EPA as may be required for national reports, public inquiries, or Congressional inquiries.

DEQ will comply with reporting requirements of the EPA Order on Environmental Benefits. This will include completion of the electronic "one-pager" for all funded projects. A hard copy of each "one-pager" will be provided to EPA with the Annual Report.

VI. Criteria and Method for Distribution Of Funds

The following principles and procedures will be the basis for the administration, funding, allocation and distribution of the CWSRF monies. They are designed to provide maximum flexibility for assistance and assure long-term viability of the revolving program.

- A. Program Administration
Four percent of the capitalization grant provided by EPA will be set aside to be used for program administration. Program administration costs will be met by capitalization grant allocations. Program administration costs, to the extent that the annual capitalization grant is insufficient to meet our needs, will be supplemented by Clean Water SRF loan fee revenues.
- B. CWSRF Priority List
Letters of Interest were sent to all cities, counties and water and sewer districts in the state. Returned Letters of Interest and Priority List rating forms were sent to Project Engineers in DEQ regional offices to complete a rating of projects in each region. The result of the rating and ranking was the preliminary Priority List that was presented during the public review and comment period. Separate Letters of Interest were sent to potential non-point source applicants. Projects are rated using the following criteria:

1. 150 points - Public health emergency certified by the DEQ Board or a Health District Board
2. 70 to 100 points - Regulatory Compliance Status
3. 0 to 100 points - Watershed restoration
4. 0 to 100 points - Watershed protection
5. 0 to 100 points - Preventing impacts to uses
6. 0 to 50 points - Secondary incentive ranking points

Attachment III contains the guidance document which fully explains how DEQ staff applied the above criteria when rating individual projects.

C. Fundable Projects

The highest rated projects on the adopted Priority List **that are ready to proceed** are selected for funding and are listed on the IUP. These fundable projects are listed on Attachment I. DEQ staff starts at the top of the Priority List and continue as far down the list as needed to select enough projects that are ready to proceed to use all of the funds that are available. In cases where a lower ranked project is selected it is because higher ranked projects have not indicated a readiness to proceed.

In some cases the project amount on Attachment I may be less than the project amount on the Priority List. The Priority List amount is the estimate of the total project cost, while the costs on Attachment I are the amount that project applicants expect to borrow from the CWSRF. In each case the difference will be provided from some other source such as cash on hand or a grant from the Community Development Block Grant program administered by the Idaho Department of Commerce and Labor.

D. Disbursements

The estimated timing and amount of disbursements for the projects on the new IUP are added to the latest cash disbursement request projections for prior year funded and projected projects. The projections are normally provided to EPA in July each year. The projections are based upon estimated disbursement schedules submitted by loan recipients and projected timing of loan agreements, adjusted for corrections by regional project engineers and state office staff. These disbursements are tracked on an on-going basis to project needed cash from all capitalization grants and state match. All funds will be expended in an expeditious and timely manner.

E. Federal Payments

Idaho's proposed payment schedule for each capitalization grant is based upon the projected timing of signed loan agreements with projects listed on the current and prior IUPs. This allows for adjustment of prior IUP projects to be reflected in the federal payment schedule.

F. State Match

Idaho's match for all capitalization grants is provided from funds that are drawn from the state Water Pollution Control Account. The Water Pollution Control Account derives its funding from a set amount of \$4.8 million from the state sales tax and is perpetually appropriated to DEQ under Idaho Code Title 63, Chapter 36.

VII. **Additional Information Requirements**

A. Public Review and Comment

Projects on the State fiscal year 2008 CWSRF List of Fundable Projects and Project Priority List were approved by the DEQ Board at the April 18, 2007 meeting. Copies of the draft list were made available in the regional and state offices, allowing at least twenty one days for public comment. Also, notices of the Priority List review process were printed in major Idaho newspapers and notice was given to a large list of private interested parties such as consulting engineers, local governments and local government advocacy groups, allowing at least twenty one days for public comment.

In addition to the above, the draft IUP including the Fundable List and Project Priority List was posted on the DEQ website during the comment period.

B. Bypass Procedures

A project that does not or will not meet the project target date or a DEQ schedule that allows for timely utilization of loan funds may be bypassed, substituting in its place the next highest ranking project(s) that is ready to proceed (Rules IDAPA 16.01.12020,06). DEQ intends to utilize Priority List ranking as much as possible when preparing the IUP.

However, the lack of adequate funding, changes in project scopes, failure to pass a bond election, or other unforeseen circumstances may require that a project on the IUP be removed. If a project is removed, DEQ will offer loan funds to the highest ranked, ready-to-proceed project from the most current approved Priority List.

ATTACHMENT I

State of Idaho
Clean Water State Revolving Loan Fund
State Fiscal Year 2008
Fundable Projects and Priority List
LIST OF FUNDABLE WASTE WATER LOAN PROJECTS

Project	Rank	Loan Amount	Project Description	Estimated Commitment Date	County and DEQ Regional Office
City of Ruebens	2	\$600,000	Construct new collection and secondary treatment system to upgrade failing septic systems	8/30/2007	Lewis County and Lewiston Regional Office
Stanley Sewer Assoc	3	\$350,000	Collection system expansion and improvements	9/30/2007	Custer County and Idaho Falls Regional Office
City of Soda Springs	5	\$6,700,000	Upgrade existing wastewater treatment facility	7/30/2007	Caribou County and Pocatello Regional Office
City of Buhl	* 6	\$11,921,638	Upgrade of lagoons to mechanical treatment plant	9/30/2007	Twin Falls County and Twin Falls Regional Office
City of Tetonia	* 7	\$1,400,000	Storage Lagoon and Land Application	5/30/2008	Teton County and Idaho Falls Regional Office
City of Franklin	8	\$2,000,000	Growth and TMDL requiring need for immediate improvement to WW system.	5/30/2008	Franklin County and Pocatello Regional Office

ATTACHMENT I (Continued)

State of Idaho
Clean Water State Revolving Loan Fund
State Fiscal Year 2008
Fundable Projects and Priority List

LIST OF FUNDABLE WASTE WATER LOAN PROJECTS

Chubbuck N. Bannock Regional WW System	9	\$1,400,000	Need for a regional WW collection system to serve fast growing area of Bannock County.	2/28/2008	Bannock County and Pocatello Regional Office
City of Fairfield	10	\$1,300,000	Minimize I/I with sewer rehab, upgrade lift station, add generator and lagoon aeration	10/30/2007	Camas County and Twin Falls Regional Office
City of McCammon	13	\$100,000	No additional WW hook-ups are allowed until improvements to WW system are made.	10/30/2007	Bannock County and Pocatello Regional Office
City of Filer	14	\$9,700,000	Rehab/replace collection system and replace existing lagoon system with a new MBR mechanical plant	4/30/08	Twin Falls County and Twin Falls Regional Office
NLRSD - Westside	* 20	\$6,000,000	New Sewer Collection System	8/30/2007	Valley County and Boise Regional Office

\$41,471,638

*Note: Lower ranked projects with an asterisk in the "Rank" column are carried over from fiscal year's 2007 list. These communities had began the loan process during fiscal year 2007; however, the loan process was not completed during the same fiscal year and so the projects were carried forward. The number following the asterisk is the entity's ranking on the FY 2008 Priority List.

This list contains projects that are the highest rated that are ready to proceed. Projects on this fundable list may be bypassed if they do not complete a timely loan application.



Statewide FY2008 Wastewater Loan Priority List

Rank	Project	Number of Rating Points	Reg. Office	DEQ Est Loan Amount	Project Description
1	City of Greenleaf	150	BRO	\$7,120,000	New Collection and WWTP
* 2	City of Ruebens	150	LRO	\$600,000	Construct new collection and secondary treatment system to upgrade failing septic systems.
* 3	Stanley Sewer Assoc	144	IFRO	\$350,000	Collection system expansion and improvements
4	City of Wendell WTP	140	TFRO	\$11,200,000	Upgrade of lagoons to Mechanical Treatment Plant
* 5	City of Soda Springs	137	PRO	\$6,290,000	Upgrade existing wastewater treatment facility.
6	City of Buhl	136	TFRO	\$15,000,000	Upgrade of lagoons to Mechanical Treatment Plant
* 7	City of Tetonia	135	IFRO	\$1,400,000	Storage Lagoon and Land Application
8	City of Franklin	135	PRO	\$2,000,000	Growth and TMDL requiring need for immediate improvement to WW system.
9	Chubbuck N. Bannock Regional WW System	135	PRO	\$9,900,000	Need for a regional WW collection system to serve fast growing area of Bannock County.
10	City of Fairfield	134	TFRO	\$1,300,000	Minimize I/I with sewer rehab, upgrade lift station, add generator and lagoon aeration
11	City of Shoshone	132	TFRO	\$2,950,000	Sewer rehab, replace final lift station, and retrofit secondary treatment facility within existing lagoon structure
12	City of Driggs	131	IFRO	\$25,500,000	New WW Treatment Facility

Statewide FY2008 Wastewater Loan Priority List

Rank	Project	Number of Rating Points	Reg. Office	DEQ Est Loan Amount	Project Description
13	City of McCammon	130	PRO	\$100,000	No additional WW hook-ups are allowed until improvements to WW system are made.
14	City of Filer	128	TFRO	\$12,500,000	Rehab/replace collection system and replace existing lagoon system with a new MBR mechanical plant
15	City of Bliss	127	TFRO	\$4,212,000	Construct new collection and treatment systems to replace existing septic systems
16	City of Heyburn	122	TFRO	\$4,561,047	Upgrade mechanical treatment
17	City of Hazelton	122	TFRO	\$469,000	Rehab/replace collection system, lift stations, headworks and mechanical aerators in lagoons
18	Southside W&S Dist.	120	CDA	\$4,730,000	WWTP expansion
19	City of Murtaugh	119	TFRO	\$5,000,000	Upgrade treatment to meet consent order terms
20	NLRSD - Westside	118	BRO	\$6,000,000	New Sewer Collection System
21	NLRSD - SW Collection System/MBR Solids Handling	118	BRO	\$8,700,000	MBR solids handling & collection system expansion
22	City of Sandpoint	116	CDA	\$8,500,000	WWTP upgrades and I/I removal
* 23	City of Moscow	109	LRO	\$6,000,000	Provide additional treatment capability needed to meet current NPDES permit discharge limits for total phosphorus.
24	City of Hayden	96	CDA	\$3,900,000	WWTP upgrades/expansion

Statewide FY2008 Wastewater Loan Priority List

Rank	Project	Number of Rating Points	Reg. Office	DEQ Est Loan Amount	Project Description
25	City of Nampa	92	BRO	\$13,555,000	Biosolids Digestion, Phosphorous Removal, UV Disinfection
26	Kingston-Cataldo Sewer District	91	CDA	\$152,000	Lift stations upgrades and I/I removal
27	City of Meridian	83	BRO	\$4,900,000	New Tertiary Filters, Pump Station and UV System Upgrade
28	City of Hagerman	82	TFRO	\$895,000	sewer area on septic tanks
29	NLRSD - SISCRA	62	BRO	\$400,000	Pump Station, Pressure Line
30	Star Sewer and Water District	58	BRO	\$2,590,000	Solids Handling and UV Disinfection
31	City of Payette	51	BRO	\$2,000,000	New Clarifier, Chemical and Sludge Handling Improvements
32	City of Fruitland (Payette)	45	BRO	TBD	Meet Future TMDL Limits
33	City of Fruitland (Snake)	40	BRO	TBD	Meet Future TMDL Limits
34	City of Middleton	21	BRO	\$654,000	Trunkline Extension for Future Development

*carry over from FY2007

WARNING: USE OF THIS LIST AS A MAILING LIST OR AS A TELEPHONE NUMBER LIST IS PROHIBITED BY IDAHO CODE SECTION 9-348 AND IS PUNISHABLE BY A CIVIL PENALTY OF UP TO \$1,000.

Guidance for Integrated Priority System: Water Quality Project Ranking DEQ Water Pollution Control Loan Program

PROJECT

NAME _____

PROJECT ADDRESS (*Street or P.O. Box*) _____

City _____ Zip Code _____ Telephone _____

Contact Person _____

Date of Rating _____ Project Rater _____ Regional Office _____

Priority
Year

Final
Score

Estimated Total Project Cost \$ _____

Total Cost to be funded by DEQ (if different from total project cost) \$ _____

PROJECT INFORMATION

Write a brief description of the project. Site specific information should be provided from the project contact and/or local DEQ staff. Some project specificity is needed to justify point factoring for which DEQ Board approval is requested.

Project Description:

NOTE: If the project has a NPDES permit or a Reuse (WLAP) permit, the permit number must be provided and if possible the primary permit limits for BOD and SS permit limits (NPDES permit).

Permit # _____ BOD _____ SS _____

SECTION I. INTEGRATED PRIORITY SYSTEM

An integrated priority system will be used by the Department of Environmental Quality (DEQ) to annually allot available funds in accordance with the **Rules for Administration of Water Pollution Control Loans (58.01.12)**. Each water quality project will be ranked using the integrated priority system in accordance with this guidance.

Section I includes five major rating categories, **A, B, C, D and E**. Answer “**Yes**” to one rating category that best fits the project, then answer the questions related to that rating category in the appropriate subsection (**A, B, C, D or E**) in **Section II**. If the subject project does not fit any of the rating categories (i.e., you answer “**NO**” to all five questions) then the project is not eligible for further funding considerations by the DEQ Loan Program.

- A) **Public Health Emergency or Public Health Hazard:** Will the proposed project eliminate an officially declared or designated water-borne public health hazard or public health emergency?
____ Yes ____ No If YES, go to page 2
- B) **Regulatory Compliance Status:** Will the proposed project minimize or resolve an existing legal action between the facility and either a state or federal agency?
____ Yes ____ No If YES, go to page 2
- C) **Watershed Restoration:** Will the proposed project address watershed restoration as identified in the Unified Watershed Assessment and Restoration Priorities for Idaho (UWA)? The UWA is in Appendix A-7 of the Idaho Nonpoint Source Management Plan which can be found on DEQ’s web site under **Publications**. Watershed Restoration projects are those that implement TMDLs to help restore watersheds.
____ Yes ____ No If YES, go to page 3
- D) **Watershed Protection from Impacts:** Will the proposed project address watershed protection as identified in the *Idaho Water Quality Standards* or the *Idaho Ground Water Quality Rule*? Go to http://www.deq.idaho.gov/rules/admin_rules.cfm#links on the DEQ web site under Rules and Policies to view the rules. For point sources, these are primarily treatment and collection projects that are **NOT** directly driven by implementation of a TMDL.
____ Yes ____ No If YES, go to page 5
- E) **Preventing Impacts to Uses:** Will the proposed project address prevention of watershed degradation? This rating subsection is reserved primarily for rating non-point source projects.
____ Yes ____ No If YES, go to page 6

If you have answered Yes to one category in this section (Section I), please advance to Sections II and III and answer questions in the appropriate subsections.

SECTION II. WATER QUALITY PROJECT RANKING

Only (statewide initiatives-**NOTE-what does this mean?**) or regional on-the-ground implementation

project proposals that have answered “Yes” to a subsection in **Section I** may be ranked under **Section II**.

A. Public Health Emergency or Public Health Hazard (Bypass Section III)

NOTE: An emergency is an officially declared or designated public health hazard or emergency that is a documented health threat as certified by a Health District Board or the DEQ Board.

Emergency or Hazard*	<u>150</u>
No Emergency or Hazard	<u>0</u>

Section II, Item A Points

(0 or 150 pts)

B. Regulatory Compliance Status (Bypass remainder of Section II and proceed to Section III)

For purposes of qualifying for points in this subsection (Regulatory Compliance Status), the cause of noncompliance and resulting legal actions should be restricted to infrastructure deficiencies at a permitted point source facility. The purpose of this subsection is not to assign points for noncompliance resulting **purely** from system mismanagement or O&M deficiencies.

A permitted point source facility is required to comply with the EPA NPDES discharge permit and/or state water reuse permit. A facility is considered to be out of compliance if the facility is not meeting limits or conditions in the permit and legal action for noncompliance has been set in place. The severity of legal actions vary depending on the impact or potential impact to water quality, the watershed or public health and how long attempts to resolve the problem(s) have been ongoing. Legal actions may include but are not limited to: a consent order, a notice of violation, an administrative order, a permit compliance schedule or assessment of monetary penalties:

(Choose one)

- **Low Level Noncompliance** – includes documented permit violations, DMRs, land application inspections or equivalent _____ 70 Pts
- **Moderate Level Noncompliance** – includes a 1st State or EPA Warning Letter, a notice of violation, or equivalent _____ 80 Pts
- **High Level Noncompliance** – includes 2nd State or EPA Warning Letter, consent order, permit compliance schedule, or equivalent _____ 90 Pts
- **Noncompliance Consequences Imposed** - Penalties assessed (e.g. monetary fines) _____ 100 Pts

Section II, Item B. Points _____

(0 to 100 pts)

C. Watershed Restoration

The project implements best management practices or initiates construction of wastewater collection and treatment facilities as part of an approved TMDL, protects threatened waters identified through the Idaho's Nonpoint Source Management Program plan, or is part of a special water quality effort (e.g., Governors Bull Trout Conservation Plan). **Score the subject project under numbers 1 and 2 of this section (Watershed Restoration).**

1. Status - Points can be assigned based upon the priority of the listed 303(d) water as indicated on the 8-year TMDL schedule, implications to threatened or endangered species, impacts to a sole source aquifer, impacts to an outstanding resource water or impacts to sensitive or special resource ground water, or compliance with an NPDES or Wastewater Land Application permit. **Select one subpart (a, b, or c) and complete a rating for the subject project.**

a. No Status

Is not included on a current 303 (d) list, is not on a TMDL schedule, is not out of compliance with a NPDES permit or water reuse permit, is not part of a known special surface or groundwater category or listing, or does not affect listed threatened or endangered species.

____ 0 pts

b. Medium Status

Project is Located on a medium priority 303(d) water body on the 8-year TMDL Schedule (2005 and 2006 on the 8-year schedule).

____ 12pts

- Status of the TMDL in project subbasin: (**Choose all that apply**)

- TMDL completed but not approved No 0 pts / Yes 5 pts _____
- TMDL approved by EPA No 0 pts / Yes 5 pts _____
- TMDL Implementation Plan approved by DEQ No 0 pts / Yes 5 pts _____

- Expected benefits to a sole-source aquifer and other ground water resources: (**Choose one**)

Low _____ 1
Medium _____ 3
High _____ 5

- Expected reduction in impacts to threatened and endangered species: (**Choose one**)

Low _____ 1
Medium _____ 3
High _____ 5

- Current level of compliance with NPDES and water reuse permits: (**Choose one**)

Low _____ 5
 Medium _____ 3
 High _____ 1
Subtotal _____
(0 to 42 pts)

c. High Status

Project is located on a high priority 303(d) water body according to the
 8-year TMDL schedule (2004 and earlier on the 8-year
 schedule) _____ 20 pts

- Status of the TMDL in project subbasin: **(Choose all that apply)**
 - TMDL completed but not approved No 0 pts / Yes 5 pts _____
 - TMDL approved by EPA No 0 pts / Yes 5 pts _____
 - TMDL Implementation Plan approved by DEQ _____
 No 0 pts / Yes 5 pts

- Impacts to a sole-source aquifer and other ground water resources:
(Choose one)

Low _____ 1
 Medium _____ 3
 High _____ 5

- Expected benefits reduction in impacts to threatened and endangered Species:
(Choose one)

Low _____ 1
 Medium _____ 3
 High _____ 5

- Level of compliance with NPDES and water reuse permits: **(Choose one)**

Low _____ 5
 Medium _____ 3
 High _____ 1

Subtotal _____
(0 to 50 Pts)

2. Potential for Restoration Points - Points are awarded according to the expected
 effectiveness of the project and the transferability of the demonstrated technologies
 to other parts of the State of Idaho. The proposed project will either restore
 designated or existing beneficial uses, reduce the severity of nonpoint source
 impacts, or will promote statewide nonpoint pollution reduction or remediation.

Select one subpart below:

- a. No load reduction or effectiveness calculations provided _____ 0 Pts
- b. Improvements are minor (ex. <25% estimated reduction in pollutant load) or
 statewide project will require substantial capital/manpower commitment: _____ 15 Pts
- c. Designated or existing beneficial uses of surface or ground water are partially
 restored and the impacts are reduced (ex. >25% reduction but <75% reduction
 in pollutant load) or statewide project will require moderate capital/ manpower

- commitment: _____ 30 Pts
- d. Designated or existing beneficial uses of surface or ground water are partially restored or the impacts are reduced (ex. >75% reduction but <100% reduction in pollutant load) or statewide project will require minimal capital/manpower commitment: _____ 50 Pts

Section II. Item C. Points _____

(0 to 100 pts)

D. Watershed Protection from Impacts

Score the subject project under number 1, 2, and 3 of Watershed Protection from Impacts.

1. Points will be assigned based upon impacts to the watershed, water quality or public health such as the number of stream miles impacted; the number of lake/reservoir surface acres impacted; the extent of groundwater impacts to beneficial uses; or ability of a statewide project to promote point or nonpoint source pollution reduction or mitigation. Proposed project applicants must include a map showing the impact area of the proposed water quality projects to receive more than the minimal score. (Select one Subpart (a, b, or c) and complete the rating for the subject project.)
 - a. **Low Impact** (Select one)
 - i. Point Source contributes little evident impact to watershed and is in substantial compliance with NPDES permit and/or water reuse permit. _____ 5 Pts
 - ii. Nonpoint Source contribution or statewide NPS project initiatives (i.e., less than 5 miles or 200 acres effected or minor impacts to ground water) have low impact. _____ 5 Pts
 - b. **Moderate Impact**
 - i. Point Source contributes moderate evident impact to watershed and is in substantial compliance with NPDES permit and/or water reuse permit. _____ 15 Pts
 - ii. Nonpoint Source contribution or statewide NPS project initiatives (i.e., less than 5 miles or 200 acres effected or minor impacts to ground water) have moderate impacts. _____ 15 Pts
 - c. **High Impact**
 - i. Point Source contributes severe impacts to watershed and is in substantial compliance with NPDES permit and/or water reuse permit _____ 35 Pts
 - ii. Nonpoint Source contribution or statewide NPS project initiatives (i.e., less than 5 miles or 200 acres ef
2. **Potential for Restoration Points** - Points are awarded according to the expected effectiveness of the project and the transferability of the demonstrated technologies to other parts of the State of Idaho. The proposed project will either restore designated

or existing beneficial uses, reduce the severity of point or nonpoint source impacts, or the project will promote statewide nonpoint pollution reduction or remediation.

(Select one subpart below)

- a. No load reduction or effectiveness calculations provided. _____ 0 Pts
 - b. Improvements are minor (ex. <25% estimated reduction in pollutant load) or statewide project will require substantial capital/manpower commitment. _____ 5 Pts
 - c. Designated or existing beneficial uses of surface or ground water are partially restored and the documented impacts are reduced (ex. >25% reduction but <75% reduction in pollutant load) or statewide project will require moderate capital/manpower commitment. _____ 15 Pts
 - d. Designated or existing beneficial uses of surface or ground water are partially restored and the documented impacts are reduced (ex. >75% reduction but <100% reduction in pollutant load) or statewide project will require minimal capital/manpower commitment. _____ 35 Pts
3. Nexus/benefit to municipality - Points are awarded based on the direct benefit to a municipality for implementing or financing a portion of the proposed project. A municipality-driven project reflects a commitment from the community and is awarded the maximum 30 points.

Community/Agency Support: (Choose one)

- a. No support letters _____ 0 Pts
- b. One or two support letters _____ 10 Pts
- c. Three or more support letters OR municipal-driven project _____ 30 Pts

Section II. Item D. Points _____ (0 to 100 pts)

E. Preventing Impacts to Uses

Score project under numbers 1, 2, and 3 of this section (Preventing Impacts and Uses).

1. Points will be assigned based upon the documented number of designated beneficial uses impacted by nonpoint source pollutants. **(Select a subpart (a, b, c, or d) and complete a rating for the subject project.)**

Number of Use Impacts:

- a. No impacts _____ 0 Pts
 - b. One or two Uses impacted _____ 10 Pts
 - c. Three or four uses impacted _____ 25 Pts
 - d. Four or more uses impacted _____ 40 Pts
2. Nexus/benefit to municipality - Points are awarded based on the commitment of a municipality for implementing or financing a portion of the proposed project.
Community/Agency Support: (Select one subpart below.)
- a. No support letters. _____ 0 Pts
 - b. One or two support letters. _____ 20 Pts
 - c. Three or more support letters. _____ 40 Pts
3. State and National Priorities - Points will be assigned based upon recognition of the special

status of waters or uses of those waters.

Instruction: answer statements below: a, b, both a and b, or c if not applicable:

- a. State Priorities - The project impacts either: a State Park or State Recreational Area, a blue ribbon fishery, water classified as a special or outstanding resource water, or designated as part of a sole source aquifer, an area of high ground water vulnerability, or the project enhances the State's nonpoint source management program. _____ 10 Pts
- b. National Priorities - A nonpoint source or statewide initiative project is intended to positively impact either: a threatened or endangered species, a wilderness area, a wild and scenic river or a sole source aquifer. _____ 10 Pts
- c. Not applicable _____ 0 Pts

Section II. Item E. Points _____ (0 to 100 pts)

SECTION II. -- WATER QUALITY PROJECT RANKING

SUBTOTAL POINTS for SECTION II = _____ (0 to 150 pts)

SECTION III. SECONDARY INCENTIVE PROJECT RANKING

All projects are ranked under Section III criteria with the exception of A Public Health Emergency or Public Health Hazard. Section III criteria are established to further rate Water Quality Project Rankings from **Section II** of this Guidance form.

Answer the following set of questions specifically as they relate to the project. Each answer that receives points should be subtotaled and added to the score from **Section II** for the "Grand Total Points." **Answer one subpart per question and calculate the cumulative in the Subtotal.**

1. Is project ready to proceed? The level of readiness will be based on the following milestones:

(Choose one)

- No Facility Plan _____ 0 pts
- Consultant hired for Facility Plan preparation _____ 3 pts
- Draft Facility Plan _____ 5 pts
- Approved Facility Plan and Environmental Review completed _____ 7 pts
- 10% or more (Preliminary) Design Completed _____ 9 pts

2. Resulting monthly user service (charges) rates as an outcome of the project, for example hardship, etc. [NOTE: The service charge is based on the most recent census MHI of \$37,572 and taking 1.5% of MHI as the norm for a utility bill per the Environmental Finance Center.]

(Choose one)

- Up to \$47 _____ 3 pts
- \$47 to \$63 _____ 6 pts
- > \$63 _____ 9 pts

3. Is financial documentation in place to ensure payback assurance? **(Choose one)**
- No Plan _____ 0 pts
- Bond council or financial consultant retained _____ 5 pts
- Legal instrument(s) in place (e.g., bond election, bylaws, etc.) _____ 9 pts
4. Project will correct a water quality impact being created by current point or nonpoint wastewater disposal practices? One example could be the implementation of reuse practices. **(Choose one)**
- _____ 3, 6 or 9 pts
5. Project will correct an existing or potential health hazard (not emergency) being created by current point or nonpoint wastewater disposal practices? **(Choose one)**
- _____ 7, 11 or 14 pts

Section III Point Total _____ **(0 to 50 Pts)**

GRAND TOTAL POINTS FOR SECTIONS II and III _____ **(0 to 150 Pts)**

ATTACHMENT IV

EPA PAYMENT SCHEDULE

FFY2007 IUP

<u>Quarter Ending</u>	<u>Payments</u>	<u>Total</u>
9/2007	\$ 190,055	\$ 190,055
12/2007	\$4,492,383	\$5,082,438

Payments are defined as increases to the amount of funds available from the Automated Clearinghouse (ACH).

ATTACHMENT V

PUBLIC NOTIFICATION AND INVOLVEMENT STRATEGY FOR STATE FISCAL YEAR 2008 WASTEWATER AND DRINKING WATER PRIORITY LISTS

The public was involved in the FY2008 Priority List development at several points in the process. Involvement for the drinking water and water pollution control lists were solicited directly from the systems through a survey of system interest was mailed out by the DEQ early in the Priority List process. Information on the completed letter of interest forms was used by the State and Regional office staff in preparing draft lists. A copy of the letter of interest form, and the cover letter that was sent with it, are included as attachments here. We are finding that combining information obtained directly from eligible entities with that provided by our engineering staff results in the most accurate listing of infrastructure needs.

Notification that all four State fiscal year 2008 Priority Lists were available for public review was given in Idaho's six major (regional) newspapers for approximately twenty-one days. Notices were published three times in each of the newspapers. Copies of proofs of publication are included as attachments here.

Notification of availability of the lists was also placed on DEQ's web site from March 5 – March 26 and a copy of the web site cover page is included here.

Approval packages related to the four lists were sent to the Board of Environmental Quality prior to their meeting on April 18, 2007. Copies of the Issue Analyses for the CWSRF loan lists and the Board agenda are included as attachments here. DEQ staff made presentations at the Board meeting on April 18, 2007 and answered questions about the lists. The Board approved all lists on April 18, 2007.